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On 30 September 1948, the government authorities in Ta-lien convened a meeting of about 800 officers of the government, business enterprises, and public bodies to consider present production conditions and plans for the next 3 months. A summary of the meeting follows:

With the assistance of the Soviet military authorities and our own exertion in line with the policy of "economy in food and clothing, and devotion to production" there has been a marked change in economic conditions in Kwantung.

1. Production

Industries have been restored and expanded; between January and June factories were increased by 351. In the first half year, the output of state-owned industrial plants exceeded the quota by the following percentages: textiles 28, metals 111, shipbuilding 15, mining 109, fats, matches, etc. 10, chemicals 98, -- all average 21 percent beyond the goal. Following rehabilitation, industrial production in state enterprises has been carried on under unified planned control. In farming, acreage was increased by 15,000 acres which was 3.67 percent beyond the goal; and through widespread promotion of better cultivation methods and the distribution of 5,000 tons of fertilizer, there is promise of a rich harvest that will reach the goal and yield 40,000 tons more than last year. Salt production overshot the target, state-owned pans by 26 percent, private pans by 21 percent; however, some of the estimates were too low; actually the privately owned salt pans made the better record. The combined production of both Sino-Soviet and privately operated fishing industries has already reached 99.7 percent of the goal.

2. Domestic and Foreign Trade

Because industry was restored and expanded, there has been a large growth in foreign trade. The volume of trade for the first half of 1948 was twice that for the whole of 1947, and 5 1/2 times that for the corresponding period of 1947. Imports and exports were all according to plan, with the balance in our favor. Imports consisted of raw materials, oils, tools, machine parts, drugs, fertilizers, and foods, which items were 93.1 percent of the whole; raw materials constituted 25 percent of the whole. Exports were chiefly salt, marine products.

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cotton textiles, and other manufactured articles, which constituted 69.01 percent of the whole.

As for iron and steel and machines needed in our industries, the situation in 1948 was just the opposite of what it was 2 years ago; there were practically no exports of these articles beyond what was planned. Responding to the government's appeal to "face overseas," more than 80 firms had taken up foreign trade by the end of July. Of these, 30 combined to form the Ta-hsing Trading Corporation, and four or five together formed the Tung-ta Trading Company.

3. Business

From January to June, shops increased from 7,890 to 9,142, a gain of 1,252, or about 16 percent. Agencies which do not minister to genuine social needs have decreased. After 15 August 1945, the number of peddlers in Ta-lien alone increased to 14,653. This was an excessive number, needless and wasteful of labor potential, since 70 percent of them were husky youths. After three "crackdowns," the number was reduced to 6,342 by the end of June 1948. Thus, more than 8,000 men went into factories, schools, or other regular occupations.

4. Finance

Receipts for the first half year reached 95 percent of the figure for the whole previous year, and the budget was balanced; 53.5 percent of the expenditures went into industrial investments or loans. Accumulated capital savings effected by means of the austerity program (savings in food and clothing, waste and inefficiency) during the past 6 months amounted to 60 percent of the total amount of industrial investments and loans made during the first half of the year.

5. Banking

Deposits increased 71.9 percent over last year. Deposits in money shops now equal 62 percent of those in banks.

6. Currency and Cost of Living

The value of the currency is firm, and prices of goods and gold are stable. Based on the ordinary necessities of the masses, and taking the cost-of-living index of December 1947 as 100, the average index at the end of June of 1948 was 99, a drop of one percent.

All wage earners were guaranteed a definite ration of cheap food, at the rate of 95-100 yuan per catty. Food sold by the big food concerns was kept at the price fixed by the government, 125-130 yuan per catty for corn. If the index figure for January 1948 is taken as 100, that for June 1948 was 97, a drop of 3 percent. With the currency value constant and prices steady, and a sufficient supply of food, we have the basic factors necessary for organizing security of livelihood for the city people and for maintaining and raising the standards of living.

Another factor in security of livelihood, and the most important, is full employment. For the past 6 months employment has been rising rapidly. Factory workers now number 57,441, which is an increase of more than 51 percent since January. Handicraftsmen (netmakers and shoemakers alone) have increased 48 percent since January. Combining the two, we get an increase of 49.1 percent. Government employees of all types have increased in number as needs expanded. With just these three categories, the goal for increased employment for the whole year has been accomplished in 6 months. Employment continues to grow, and the people's daily life becomes more secure.

There is another significant fact: People are gradually changing their attitude toward labor; there is now a growing eagerness to acquire skills and

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enter factories. This is particularly true in the case of women; their entry into the ranks of labor is unprecedented in Kwantung. The saying, "You cannot go on eating without learning an occupational skill" is heard everywhere. This new feature is real evidence of a changed attitude toward labor and a heightened political consciousness.

The above shows that the first stage of the central task of the plan to "increase production and stabilize livelihood" has been accomplished through the efforts of all the laboring people, and it gives a firm foundation for further increase of production and the establishment of new levels of culture and welfare.

Several obstacles not as yet entirely eliminated, however, must be corrected to assure continued expansion of production in the future. Improvement should be shown in strengthening unified planning, keeping more accurate and detailed records, adoption of proper cost accounting procedures, stricter observance of the government's wage policy to provide adequate incentives to skilled workers, and in providing other rewards for the display of initiative and inventiveness. Emphasis must also be placed on supplying adequate transportation, upon which other units of production rely. As yet, unfortunately, the adequacy of transportation cannot be guaranteed and constitutes a production problem which must receive our full attention.

Based on a consideration of these items, annual production movements should follow a definite procedure. With regard to industry, state enterprises should be filled with the spirit of reform, directed toward improving the executive management of productive enterprises, gradually instituting a private-enterprise type of management and accounting system, and unified provision of raw materials, capital, and markets.

In accordance with an over-all plan, each main plant and branch plants should draw up detailed individual plans for the following year by mid-September. Efforts should also be directed toward strengthening the basis of state industries, thereby assisting the production of private enterprises, and increasing the production of daily necessities.

In agriculture, payment of the autumn tax levies and repayment of farm loans should be completed by 1 December. Winter classes should be organized among the peasants and the use of different kinds of fertilizers explained. Plans should also be made for planting trees in the spring.

With regard to salt production, training classes should be held to improve skills. In 1949, the salt pan area should be expanded by 900 acres.

The import of coal, food, and industrial raw materials should be continued. Plans to obtain 60,000 tons of coal in 1949 for heating and cooking should be completed by 15 December 1948. The regulation of goods on the market should be strengthened, and increased aid given to cooperatives.

Transportation, both long-distance and local, is the key to increased production and a prosperous economy. Plans for improved transportation next year should be formulated by the end of this year and necessary preparations made.

To achieve an expansion of production in line with production goals, the real income of laborers, government workers, and teachers must be raised. In achieving this, rations should be increased, low-priced restaurants, barber shops, bath houses, etc., established, and medical services furnished. Also, the government should provide nurseries and schools for children of all types of workers, and should supply food, clothing, and shelter when necessary to lighten the parents' burden.

The proportion of school-age children in school should be increased in 1949 from the present figure of 61 percent to at least 70 percent. A plan should be drawn up for the establishment of a full-fledged university and for the improvement of elementary and secondary schools.

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